

**Note: Anyone attending the meeting should park in the visitor parking lot.**

**MINUTES  
GREEN BAY HOUSING AUTHORITY  
Thursday, September 25, 10:30 a.m.  
1424 Admiral Court, Second Floor Reading Room  
Green Bay, WI 54303**

**MEMBERS:** W. VandeCastle, B. Goodlet, B. Hansen, and C. Cotton

**MEMBERS EXCUSED:** S. Popp

**OTHERS PRESENT:** K. Flom, R. Hallet, S. Schmutzer, N. Aderholdt, and K. Vang

**APPROVAL OF MINUTES:**

1. Approval of the August 21, 2014, minutes of the Green Bay Housing Authority.

A motion was made by B. Hansen and seconded by C. Cotton to approve meeting minutes of August 21, 2014, as presented. Motion carried.

**COMMUNICATIONS:**

None

**OLD BUSINESS:**

2. Update and possible action on the status of the loan made to NeighborWorks® Green Bay for the Farmory project.

R. Hallet explained that this was previously referred to as the Armory, but now with the planned indoor farming use, is being referred to as the Farmory. She explained that a letter was provided by Noel Halvorsen, NeighborWorks® Green Bay, stating their intention to use the old Armory building as a hydroponic farm and that NeighborWorks® was provided with two grants totaling \$200,000 to assist with capital project costs and initial programming. They continue to seek additional funding. R. Hallet stated they have a good start; however, there is a significant amount of repairs that need to be done to the property for it to be useful; so her understanding is they are continuing to seek additional funds before putting these existing grants to use.

W. VandeCastle stated this agenda item includes possible action and inquired what action staff may be seeking. R. Hallet explained that the loan has been outstanding for over ten years, and although there is now more progress than ever before toward a useful life of this building, staff has received a suggestion to discuss with the Authority any additional action that could be taken to ensure progress continues.

W. VandeCastle recapped the history of the project: the Armory building was included as part of a larger area that they developed, including what was a bottling factory that has since been converted to an apartment complex and the areas which is now NeighborWorks® office. They have managed to rehab most of this package, but the Armory building was found to be very costly to modify due to the concrete construction of the building. GBHA has allowed them leniency in doing something with this building, which is the last piece of the original area to be developed. Most of the overall loan was used on housing-related development because it includes their offices as well as the bottle works apartments. NeighborWorks® has been trying for 20+ years to do something with this building. In the past there has been discussion about a variety of uses for this building but none have come to fruition. They don't want the building any more than we want them to continue to hold on to this loan; it would be a change in direction from the past 20+ years to put pressure on NeighborWorks® to do something with it now. W. VandeCastle also recalls that GBHA may have increased the interest rate at one point in the past as a way of putting pressure on them. With his knowledge of the history of this loan, he opined that forcing them to pay on a loan which they aren't earning any revenue from it would only negatively impact NeighborWorks' bottom line to provide housing-related services. He is in favor of remaining status quo with this loan.

R. Hallet stated that the contract for this loan was already renewed in June, so no action related to that is needed at this time. R. Hallet summarized that as was pointed out, the intended use of the Farmory is not related to GBHA's mission of housing, but as W. VandeCastle mentioned, two-thirds of the overall loan has a housing purpose. She stated that in the future N. Halvorsen may like to discuss with the Authority the possibility of forgiving the loan.

B. Goodlet inquired if the loan was for this entire project. W. VandeCastle stated that initially the loan was much larger and NeighborWorks® paid off a portion when they sold the bottling plant building, but he didn't recall what transpired with the loan in regards to the NeighborWorks® office space.

B. Hansen stated that he agrees with the points made by both R. Hallet but also sees W. VandeCastle's concerns that asking NeighborWorks® to pay back on the loan would impact the housing-related services they provide.

W. VandeCastle responded that it would be another matter if GBHA were in a position in which they needed the money. He also stated that forgiving the loan is a different story, but since we partnered with them and they are finally making some progress, he would have concern with GBHA taking any negative action.

C. Cotton inquired if there is a timeframe for the farm to be operational. S. Schmutzer believed that at the last meeting N. Halvorsen attended he indicated they would be working on funding over the next year. R. Hallet expressed that she recalls N. Halvorsen's optimism at how quickly he thought it would come together and she thought he may have given dates of spring of 2015.

K. Flom reasoned that this business model seems to have the most momentum for this property and the notion of locally-grown food is very trendy; it's a matter of the funding.

B. Hansen inquired if the profitability would come in the sale of this business/property or would they retain it as a revenue source; or would it be its own 501c(3). S. Schmutzer voiced that she believed it would be separate, but if they did hang on to it, we could set up the repayment to begin when they start to be profitable.

W. VandeCastle agreed, stating that if they keep it, we'd have to determine an appropriate amount to charge them.

B. Goodlet expressed we should continue to be patient, as it doesn't make sense to do anything now when it looks like this will be successful.

W. VandeCastle stated that N. Halvorsen has always been straightforward with the prospects on the property, with challenges and high points. He would like to continue to support them in this project.

R. Hallet summarized that most commissioners expressed interest in remaining status quo with the loan, that this project seems to be progressing positively, but one of the questions we would like answered at the next update is if NeighborWorks® plans to keep the Farmory as a revenue source, if it would be sold off, or what would be done with it after it's up and running.

## **NEW BUSINESS:**

3. Discussion and approval of Resolution No. 14-04 for revision to flat rent schedule.

R. Hallet reminded commissioners that in July the flat rents were adjusted due to a provision in the Appropriations Act approved by Congress that PHAs must set flat rents no lower than 80 percent of the Fair Market Rents (FMR). Therefore the GBHA adjusted the flat rents to roughly match the 80 percent at that time. Now the FMRs are proposed to increase, scheduled to go into effect around October 1<sup>st</sup>, so R. Hallet calculated the amounts the flat rents would need to be adjusted to in order to remain at the 80 percent limit. She also learned that PHAs are required to adjust flat rents within 90 days of new FMRs.

R. Hallet explained the handout, noting the top sections shows the changes to FMRs over the years. She pointed out that the 2015 rates go into effect as of the Federal Fiscal Year, which is October 1, 2014. The bottom part of the chart indicates flat and ceiling rents for both Scattered Sites and

Mason Manor, noting the handout incorrectly only says Scattered Sites. She went on to explain that she has grayed out the columns refer to ceiling rents, which she is proposing be eliminated. She explained that ceiling rents are no longer required; GBHA opted to retain them when they became optional in 1999, however they have become meaningless, affecting only a limited number of residents in limited situations.

R. Hallet went on to explain the remaining columns in the chart and how she arrived at the proposed flat rents for each unit size. She explained that although the FMR is the same for both Mason Manor small and large one-bedrooms, she is proposing that the Flat rent for the larger be slightly higher at \$482 versus \$455 for the small one-bedroom. She explained this proposed amount is based on a similar percentage increase that other units experienced. Similarly, she is proposing the two-bedroom Scattered Sites be higher than the two-bedrooms at Mason Manor, at \$614 for Scattered Sites as opposed to \$603 for Mason Manor. This was again based on a comparable percentage increase.

R. Hallet pointed out that the three-bedroom flat rent was increasing only 4.5 percent whereas the other unit sizes increased 9-10 percent.

B. Hansen inquired why the current three-bedroom flat rent is higher than the four-bedroom. N. Aderholdt explained that previously the flat rent was determined by subtracting the utility allowances from the ceiling rents, and because the utility allowance was higher for a four-bedroom, it resulted in the flat rent being lower than the three-bedroom.

R. Hallet explained that doing rent comparables is required for the process of changing flat rents. In the past, GBHA general used the FMR as the comparables, but now must do actual comparisons. The regulations allows Public Housing Programs to use Housing Choice Voucher data for comparables, so R. Hallet is in contact with Integrated Community Solutions to see how their data could be used to perform these comparables.

N. Aderholdt stated that there are 13 residents who currently pay the flat rent. She looked into each of them and determined that this increase would affect four of them, increasing their rent no less than \$70 per month for each of them. She states she can guarantee that half of them will move out because they could find larger units for a similar price.

R. Hallet stated that the regulations indicate that if there is an increase greater than 35 percent, the increase can be phased in. However that is not the case here.

N. Aderholdt expressed that with tenants paying income-based rent, she is required to review their income annually. However, for tenants paying the flat rent, only their household composition needs to be reviewed each year and their income is only verified every three years. She questioned how the flat rents would affect that. R. Hallet explained she had looked into that. She referenced the Public Housing Guidebook and quoted "the family's rent is not recalculated following the annual update"; therefore, the flat rent increase would not go into effect until the three year mark. R. Hallet commented that if the FMRs continue to increase each year, then at the three year point it will have increased a lot more for these residents. N. Aderholdt acknowledged that she can explain this to them.

R. Hallet stated that this challenge is not unique to the GBHA. Some PHAs are really struggling because they would have to drastically increase their flat rents. There are also many housing authorities that are working to educate their legislatures on this problem and in fact there is a new bill being proposed that is intended to work in PHAs favor regarding this issue.

R. Hallet stated the Authority could either table this discussion until after HUD finalizes the FMRs and staff completes the comparables analysis or the Authority could approve the proposed flat rents pending the final steps.

K. Flom suggested that since the regulations allow for ninety days, we should wait until that time before implementing the new flat rents. Ninety days from October would be January 1<sup>st</sup>, 2015.

W. VandeCastle suggested the Authority approve this now with the provision that it becomes effective January 1<sup>st</sup>, 2015. R. Hallet agreed and suggesting the approval allow for the flat rents to

be adjusted accordingly if the FMRs change from the proposed amounts and according to the comparables. W. VandeCastle suggested we could revisit the issue should that be the case. He expressed he prefers we approve it now, so we can give the impacted tenants as much advanced notice as possible.

C. Cotton inquired what happens if the comparables are higher than our flat rents. R. Hallet stated that in this case we would need to have a discussion to justify why we're not setting the rents at a higher comparable level.

B. Hansen commented that the resolution references ceiling rents. R. Hallet suggested she could remove that. W. VandeCastle acknowledged that the ceiling rents are part of this process, so there should be two motions: one to eliminate ceiling rents and one to approve the resolution for the adjustment to the flat rents, to be effective January 1<sup>st</sup>, 2015.

W. VandeCastle made a motion to eliminate the ceiling rents, seconded by B. Hansen. Motion carried.

W. VandeCastle made a motion to approve the resolution to adopt the proposed rent schedule based on the Fair Market Rents, as projected, to take effect January 1, 2015, seconded by C. Cotton. Motion carried.

#### **INFORMATIONAL:**

No reports

#### **FINANCIAL REPORT AND BILLS:**

S. Schmutzer stated that the audit was recently completed and was done in less time than anticipated. In speaking to the auditors, they commented that things look very good. S. Schmutzer expressed that she and N. Aderholdt put a lot of time into looking at accounts to be sure everything was in order. R. Hallet commented that the staff didn't just clean things up to look good for the audits, but rather, got a good handle on the processes and put procedures into place to ensure that the accounts remain in the condition they need to be in.

R. Hallet stated that in the auditor's exit interview he did not note any findings. K. Flom stated that the auditors were very complimentary and pleased at how smoothly the audit went. They did note that there is an upcoming change to circulars that affect PHAs so they are recommending training to prepare for that. Also they suggested that because we deal with some cash transactions, that we post a policy regarding how we receipt cash payments, notifying residents they should not leave without a receipt. S. Schmutzer also stated that in last year's audit there were comments regarding segregation of duties because the accountant position had been vacant for a few months, but that finding will now be removed.

Regarding other financials, S. Schmutzer said that she recently did the \$25,000 transfer from Mason Manor and Scattered Sites which was approved with the budget last year. Everything else is status quo.

S. Schmutzer commented that at the WAHA conference she learned of the State Debt Collection Agency, which was recently opened up to PHAs. Instead of using a debt collection agency to collect debt from a former tenant, a PHA can collect it via the State. The PHA doesn't pay a fee for this; rather it is paid by the person who owes the debt. This could result in the GBHA collecting more on old debts.

B. Hansen asked what time period the Budget vs. Actuals summary is reflecting. S. Schmutzer responded that it is as of the end of August. B. Hansen further inquired why there wasn't any YTD salary expenses reflected. S. Schmutzer explained that GBHA staff is employees of the City of Green Bay and the City had not invoiced GBHA for some time; therefore, she could not include this number on the reports.

B. Hansen inquired if the COCC's income is a percentage of what HUD gives Scattered Sites and Mason Manor. S. Schmutzer responded no, that it is a flat fee set by HUD for each unit which is leased. There is a management fee, an asset management fee, and a bookkeeping fee. S. Schmutzer also clarified that the COCC also gets the fees for units which are "offline".

B. Hansen inquired what happens to excess money in the COCC at the end of the year. S. Schmutzer stated it goes into equity, which can then be used for any expenses or projects the PHA may like to spend it on. S. Schmutzer said currently that money is considered unfederalized so it could be used toward anything; however, there is talk of making that money federalized in the future.

B. Hansen also asked if there is a limit to how far back HUD could go to federalize it. S. Schmutzer said that the talk is that it would not be retroactive but rather going forward.

W. VandeCastle asked what we might use that money for. S. Schmutzer said it could be used for anything – to buy another building to expand the program, to replace the elevators, it could be lent out to the AMPs (developments). W. VandeCastle asked if the funds could be used as a rental rebate to offset the increase in the flat rents. N. Aderholdt expressed concern with this, anticipating residents would abuse it. R. Hallet stated she liked the idea, which could serve as an incentive to higher income families to continue renting from GBHA, since it is advantageous for PHAs to have a good mix of income levels among residents. This is something the GBHA could consider more in the future.

B. Hansen made a motion to approve and place on file the financial report and bills, seconded by C. Cotton. Motion approved.

#### **STAFF REPORT:**

##### **4. Report from WAHA Conference.**

R. Hallet reported that she and N. Aderholdt attended the full WAHA Conference and B. Hansen and S. Schmutzer each attended one day. R. Hallet summarized the sessions she attended and shared points of interest from each of them. One point made is that if a Commissioner were ever interested in applying for employment with the PHA, they would have to be disassociated from the Authority for a year before being eligible. She attended a session on the Rental Assistance Demonstration Program (RAD), which is very complicated. K. Flom said the auditor advised staying away from it, as it won't benefit PHAs as much in the long term. R. Hallet stated that HUD is promoting it; B. Hansen said the session he attended promoted it as well. N. Aderholdt suggested letting other PHAs go through it first and to learn from their experiences. R. Hallet said that the Antigo HA is the only Wisconsin PHA that has completed the RAD conversion process.

N. Aderholdt stated she and S. Schmutzer attended an ethics and boundaries seminar to reaffirm where PHA staff boundaries should be with residents. She also went to a session on drugs, which was very informational. She was on a panel at a smoke-free housing session and also attended a session on mental health, which she found helpful.

W. VandeCastle asked if N. Aderholdt could present to the Authority at an upcoming meeting about the information from the drug session and what the GBHA is doing to determine if drug-related issues are occurring in the Scattered Sites. W. VandeCastle expressed that he wants GBHA to be proactive to avoid situations such as drug raids and he would like to be educated on what is going on with GBHA. He asked if there are things N. Aderholdt learned at the drug session that we could adopt, who we should partner with to deal with these issues, protecting staff from walking into a meth lab, and what can staff do to protect the community, etc.

S. Schmutzer stated that she attended the session on homeless coalitions and expressed that eradicating homelessness is the big push with the federal government right now and PHAs may be approached by coalitions about changing policies to help reduce homelessness in our communities. R. Hallet stated this was also discussed in the Fishing for Answers with HUD session. John Finger, Program Coordinator of the Milwaukee Field Office, pointed out that while it is everyone's responsibility to address homelessness, PHAs need to be cognizant of the importance for a good mix within our developments, that we don't want all of our clients to be very low income, as it's beneficial to the PHA to have higher income families, too. He also stated that there are more PHAs that give a preference to working families than to homeless families. N. Aderholdt interjected that we already give the highest preference to homeless families with children, so we are working with this. R. Hallet expressed that she is on the Brown County Housing and Homeless Coalition. The Coalition hasn't directly approached her, but rather they focus more attention on the Housing Choice

Voucher Program. W. VandeCastle also expressed that in the past the GBHA provided a loan to the local homeless shelter, so this is something that the GBHA has contributed to.

B. Hansen said he attended the commissioners' track and found it very informative; he highly recommends it. He learned a lot about what commissioners are supposed to do, what the director is doing, what is expected of commissioners. They spent a lot of time looking at financials. They talked about having a clear vision for the future of the PHAs.

R. Hallet stated both she and C. Cotton will be attending the NAHRO conference in October.

5. Langan Investigations report for the month of August.

R. Hallet verbally reported the information provided on the written Langan Investigation's report.

W. VandeCastle motioned to approve and place on file, seconded by C. Cotton. Motion carried.

6. Occupancy Report.

N. Aderholdt reported the upcoming vacancies and occupancy rate.

A motion was made by B. Hansen to accept and place on file, seconded by B. Goodlet. Motion carried.

7. Status of Housing Intern.

R. Hallet reported that she is still looking for an intern.

A motion was made by C. Cotton, seconded by B. Hansen to adjourn at 12:05 PM. Motion carried.

rah:jd